MERGER & ACQUISITION: A STUDY OF ITS IMPACT ON INVESTORS

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Abstract

In India, the process of economic reforms in the shape of economic liberalization, the Globalization and privatization has created its own momentum in recent past. Due to these economic reforms, the business environment in India has become more competitive and challenging. The companies in India have started restructuring their businesses to meet the challenges and to grab the opportunities thrown open to them by the multilateral trade programme of the World Trade Organization. Most of the multiproduct companies are restricting their business operations to achieve the synergy in their operations. The restructuring will involve the transfer of business from one company or by breaking-up of a large size company into smaller size companies. The exercise of Corporate Restructuring involves strategic planning to deal with the multifaceted changes in the ownership and control pattern of a company. It also involves closely monitoring a variety of business and corporate laws of a country like India. The fundamental subject of Corporate Restructuring relates to the efficient conduct of business through increasing- the Business Market Share, the Brand Power, and the synergies.

Introduction

A merger occurs when two or more companies combine into one company. One or more companies may merge with an existing company or they may merge to form a new company. In merger, there is a complete amalgamation of assets and liabilities as well as shareholders' interest and businesses of the merging companies. There is yet another mode of merger. Here one company may purchase another company without giving proportionate ownership to the shareholders of the acquired company or without continuing the business of the acquired company. Laws in India use the term 'amalgamation' for merger. According to section 2(1A) of the Income Tax Act, 1961, amalgamation is the merger of one or more companies (called amalgamating company or companies) with another company (called amalgamated company) or the merger of two or more companies to form a new company in such a way that all assets and liabilities of the amalgamating company or companies become assets and liabilities of the amalgamated company and shareholders holding not less than nine-tenth in value of the share in the amalgamating company or companies become shareholders of the amalgamated company. The term merger and amalgamation are used interchangeably. Acquisition refers to as an act of acquiring effective control by one corporate over the assets or management of the other corporate without any combination of both of them

Objectives of Mergers & Acquisitions:

The basic motives behind merger and acquisitions as identified in India and outside the country are as follows:

(1)*Economies of Scale*:

An amalgamated company will have more resources at its command than the individual companies. This will help in increasing the scale of operations and the economies of large scale will be available. These economies will occur because of more intensive utilization of production facilities, distribution network research and development facilities, etc. These economies will be available in horizontal mergers (companies dealing in same line of products) where scope of more intensive use of resources is greater·

(2)Operating Economies:

A number of operating economies will be available with the merger of two or more companies. Duplicating facilities in accounting, purchasing, marketing, etc. will be eliminated. Operating in-efficiencies of small concerns will be controlled by the superior management, emerging from the amalgamation[10]. The amalgamated companies will be in a better position to operate than the amalgamating companies individually.

(3)Synergy:

Synergy refers to the greater combined value of merged firms than the sum of the values of individual units. It is something like one plus one is more than two. It results from benefits other than those related to economies are one of the various synergy benefits of merger or consolidation. The other instances which may result into synergy benefits include, strong R&D facilities of one firm merged with better organized production facilities of another unit, enhanced managerial capabilities, the substantial financial resources of one being combined with profitable investment opportunities of the other, etc.

(4)Growth:

A company may not grow rapidly through internal expansion. Merger or Amalgamation enables satisfactory and balanced growth of a company. It can cross many stages of growth at one time through amalgamation. Growth through merger or amalgamation is also cheaper and less risky. A number of costs and risks of expansion and taking on new product lines are avoided by the acquisition of a going concern. By acquiring other companies a desired level of growth can be maintained by an enterprise.

(5)Diversification:

Two or more companies operating in different lines can diversify their activities through amalgamation. Since different companies are already dealing in their respective lines there will be less risk in diversification. When a company tries to enter new lines of activities then it may face a number of problems in production, marketing etc. When some concerns are already operating in different lines, they must have crossed many obstacles and difficulties. Amalgamation will bring together the experiences of different persons in varied activities. So amalgamation will be the best way of diversification.

(6) ***Utilization of Tax Shields:***

When a company with accumulated losses merges with a profit making company it is able to utilize tax shields. A company having losses will not be able to set off losses against the future accumulated losses of one unit will be set off against the future profits of the other unit. In this way the merger or amalgamation will enable the concern to avail tax benefits.

(7) ***Increase in Value:***

One of the main reasons of merger or amalgamation is the increase in value of the merged company. The value of the merged company is greater than the sum of the independent values of the merged companies.

*(8)****Eliminations of Competition:***

The merger or amalgamation of two or more companies will eliminate competition among them. The companies will be able to save their advertising expenses thus enabling them to reduce their costs / prices. The consumers will also benefit in the form of cheap goods being made available to them.

*(9)****Better Financial Planning:***

The merged companies will be able to plan their resources in a better than in the separate gestation period. The profits of the company with sore gestation period will be utilized to finance the other company. When the company with longer gestation period starts earning profits then it will improve financial position as a whole.

(10) ***Economic Necessity:***

Economic necessity may force the merger of some units. If there are two sick units, government may force their merger to improve their financial position and overall working. A sick unit may be required to merge with a healthy unit to ensure better utilization of resources, improve returns and better management. Rehabilitation of sick unit is a social necessity because their closure may result in unemployment etc.

Types of Mergers and Acquisitions:

There are different forms of Merger and Acquisition found in India and outside India. Some important forms have been discussed in detail below.

1.Horizontal merger:

A horizontal merger involves a merger between two firms operating and competing in same kind of business activity. The mean purpose of such mergers is to obtain economies of scale of production. This kind of mergers result in decrease in the number of firms in an industry and hence such type of mergers make it easier for the industry members to join together for monopoly profits.

2 .*Vertical merger:*

This is the merger of the corporate engaged in various stages of production in an industry. This is combination of companies that usually have buyer-seller relationships. A company involved in a vertical merger usually seeks to

expand its operations by backward or forward integration. A vertical merger (entities with different product profits) may help in optimal achievement of profit efficiency; Consolidation through vertical merger would facilitate convergence of commercial banking, insurance and investment banking.

3 *Conglomerate merger:*

A conglomerate merger arises when two or more firms in different markets producing unrelated goods join together to form a single firm. The basic purpose of such combinations is utilization of financial resources. Such type of mergers enhances the overall stability of the acquirer company and creates balance in the company's total portfolio of diverse products and production. Conglomerate mergers can be distinguished into three types:

4 *Product extension mergers:*

Mergers between firms in related business activities and may also be called concentric mergers. These mergers broaden the product lines of the firms.

5 *Geographic market extension mergers:*

Mergers between two firms operating in two different geographic areas.

6 *Pure conglomerate mergers:*

Mergers between two firms with unrelated business activities. They do not come under product extension or market extension mergers.

An example of a conglomerate merger is that between and athlete Shoe Company and a soft drink company. Voltas Ltd. is an example of Conglomerate Company. The firms are not competitors producing similar products (which make it a vertical merger).

Methodology of the study:

Each and every research work needs data and statistics which makes the research work more fruitful, feasible and beneficial for the society. The genuineness & authenticity of the data are the soul of the research work. .The relevant information's, have been collected through primary and secondary sources. Micro level analysis of the selected companies has been carried out to investigate the impact of mergers and acquisitions on the basis of their available financial data. These analysis have been conduct and designed to present a comparative picture of post mergers and acquisitions performance for the selected companies. An attempt has been made to find out he strategic motives which drive these companies to go for Mergers and Acquisitions and try to investigate impact, of Mergers and Acquisitions that have emerged for the nature and pattern of select companies. The study of annual reports and financial statements has been carried out to find out the nature, pattern and motives for Mergers and Acquisitions for the select companies.

Ratio analysis technique has been used to measure the post-merger impact on the concern. Analysis of the impact merger and acquisition is based on the measurement of short term and long term financial position profitability and assessment of the efficiency in the post-merger period of the concern

The executives & officials of merged company were interviewed for knowing the pre and post-merger situation of the concern. The available books, magazines. Journals, periodicals on Mergers and Acquisitions have also been consulted for collecting relevant information's for conducting this research work. Newspapers and other bulletins published time to time in context with Mergers and Acquisitions have also been taken into consideration.

Objective of study:

The purpose of this research study is:

- To assess the benefit of Merger and Acquisition in Indian companies.
- To find out the problems/obstacles in the way or Merger and Acquisition in India.
- To search out some strategies to make the Mergers and Acquisitions approach more feasible in Indian companies.
- To identify some Indian companies which have been benefited or looser through the innovative proposal.
- To measure the impact of mergers and acquisitions on investors.
- To Find out the profitability and Financial Position of Corporate unit during pre and post merger period.
- To know about the schemes of merger and acquisition as followed by the Indian Corporate units.

Hypothesis of the study:

- .The impact of Merger and Acquisition has been positive on investors
- The Merger and Acquisition has not been beneficial for the investors

Analysis of study:

An analysis of the scheme of merger and acquisition of some leading units of Banking and Corporate sector.

Three cases of banking sector and two cases of corporate sector have been identified for the purposed study. These units are:

1. ICICI Bank with Bank of Madura, 2 . HDFC Bank with Centurion Bank of Punjab, 3. Centurion Bank with Bank of Punjab 4. Tata Steel with Corus, 5. Hindalco with Novelis.

Merger acquisition schemes of some leading units of corporate sectors have been presented. In this study, pre- Post merger positions of companies, such as ICICI Bank, Centurion Bank of Punjab, HDFC Bank, Tata steel company and Hindalco company have been analyzed on the basis of Net sales, Operating profit, Net profit Earning per share ,Book value , Net worth, Total debts, Total liabilities, Net fixed assets, Inventory, Debtors, Current assets, Current liabilities and working capital etc. In this article, an attempt has also been made to make the comparative study of the performance of these corporate unit before merger and post-merger acquisition period which shows the trend of change in the profitability, Net worth, working capital liabilities and other financial aspects during the post-acquisition period. This analysis further throws light on the benefits to Equity Shareholder, Debt Contributors, Debtors and Creditors of these concerns during the post -merger period.

The analysis of study indicates post- merger performance as that the profitability of the Tata steel has improved during post acquisition period except in 2010. The company has succeeded in ensuring better financial position in terms of net worth, investments and working capital position. The short-term financial position of the company during pre-acquisition was not satisfactory. The study reveals that the concern has performed very well during post- acquisition period.

The operating performance of Hindalco Company has not been satisfactory during post acquisition period.

The company has not succeeded in reducing cost in spite of increase in the amount of sales during post acquisition period. The financial performance of this company has also not been satisfactory. However, the company has succeeded in making investment in some profitable area but it has not contributed to the growth of this company.

Financial statement and Income Statement of Centurion Bank of Punjab Bank clearly indicate that the overall performance of this bank has been very satisfactory during the post-merger period. However, the net profit has not increased to the satisfactory level in comparison to the enhancement of the operating income. The study shows that the net profit increased at the higher rate which has ultimately increased the rate of growth of the company during the post-merger period. The working capital position has been adversely affected during the post-merger period.

So far operating and financial performance of the HDFC Bank is concerned, it is obvious from the study that the impact of merger on bank has been positive. The bank has succeeded in increasing its operating income and net profit during the post-merger period .However because of higher debt burden and increased cost of sales, the rate of increase in the profitability has been comparatively low. The study shows that shareholders and other investors have been benefited more in HDFC Bank in post- merger period.

The financial analysis of ICICI Bank clearly indicates that the impact of merger on equity shareholders have been positive and it has succeeded in increasing the profitability and cash inflows during the post-merger period. However, the rate of increase has been very low during the post- merger period. It is quite obvious from the study that ICICI has performed very well in terms of creating net worth, total Assets and raising of working capital has been greatly entertained. It is obvious from the study that post merger situation of ICICI Bank has increased its short term and long term repaying capability.

This analysis of mergers and acquisitions schemes of Tata steel, Hindalco, ICICI Bank, HDFC Bank and Centurion Bank of Punjab clearly reveals that the post-merger and acquisition impact have been positive for all concerns. However, Tata steel company, ICICI

Bank and Centurion Bank of Punjab have been more benefited by mergers and acquisitions schemes. These concerns have succeeded in raising fund for the expansion and growth during post-mergers and acquisitions period. It also clearly indicates that operating cost increased during the period but in spite of that rate of enhancement in the profitability and Net profit has been higher. It indicates that the concerns have succeeded in meeting the immediate commitment of the post-merger periods. So far the analysis of mergers and acquisitions schemes in respect of Hindalco and HDFC Bank is concerned it indicates that the impact has been positive but they have not been benefited at the level of their expansion. However, these concerns have improved their performance in the year 2010 but even it is far behind satisfactory. The performance of Hindalco during the post-merger period except in the year 2008 has not been up to the mark. The study finally reveals that Tata steel has been benefited in terms of investment total assets, net worth and creating total assets in comparison to HDFC. However, the operating profit and net profit of HDFC Bank have been greater in comparison to Tata during post-mergerperiod. This is quite obvious from the table No-1:

Table No 1

Showing operating and financial performance of **Banking and Steel** sector

	Tata steel	Hindalco	ICICI Bank	HDFC Bank	CBOP bank
Operating profit	+51	+02	+2026	+65	+285
Net profit	+44	+16	+2246	+85	+303
Net worth	+281	+191	+2156	+87	+137
Working capital	-74	+54	+6389	+57	+334
Investments	+1005	+441	+1377	+19	+212
Total assets	509	136	1760	73	313

It is clear from the study that short term financial position of ICICI Bank has been improved to greater extent during the post-merger period. The impact on the short term financial position of Tata steel and HDFC bank has been positive however, it has been negative for HDFC and Centurion Bank of Punjab during the post-merger period. The study further reveals that impact on debt equity Tata steel and Centurion Bank of Punjab has been positive during post- merger period. However, debt- equity has reduced in Hindalco, HDFC Bank and ICICI Bank during post-merger period. From this it is evident that the risk bearing capability of Centurion Bank of Punjab has increased during the during post-merger period, During post-merger period, the equity share capital has increased in all the concerns under study because consideration was paid in the form of shares. It is also clear from the study that impact on the net profit of these concerns has been satisfactory during post- merger period. Tata steel, Hindalco, have been looser during post-merger period by getting the low amount of profit. The

Net profit of these concerns decreased during the post-merger period. The net profit of Hindalco, was 155% in 2007 but it was 146% in the year 2010. The net profit of Tata Steel was 148 % in 2009 but it has decreased to 144% in 2010. The profit of Centurion Bank of Punjab was 406% in 2006 but it has decreased to 403% in 2007. However, except in cases of HDFC Bank and ICICI Bank. The analysis of mergers and acquisitions schemes from the point of view of its impact on operating profit clearly indicates that it has also not been positive during the post-merger period for HDFC Bank. HDFC Bank has succeeded in increasing its operating profit during the post- merger period .The rate of decrease in the operating and net profit of Hindalco has been very high during the post-merger period. Centurion Bank of Punjab has been least affected in terms of net profit and operating profit during the post-merger period in comparison to other concern. The impact of the mergers and acquisitions schemes on efficiency clearly indicates that it has been very satisfactory during the post-merger period. Fixed Assets Turnover Ratio of the concerns has increased except HDFC Bank.

The impact of merger and acquisition scheme on fixed assets turnover has been very significant in ICICI Bank during post- merger period. The impact has been insignificant in case of Tata steel.

To sum up, the analysis of impact merger and acquisition impact indicates that short term financial position, long -term financial position and operational efficiency have been satisfactory but the profitability has been adversely affected of Tata steel during the post-merger period. Hindalco has been worst sufferer during the post-merger period so far as short term financial position, long term financial position are concerned and in trms of profitability position. HDFC bank has been gainer during the post-merger period because its profitability has improved during the period. However, its impact on the long term financial position has not been positive. This study further reveals that the impact of these schemes on the profitability of Centurion Bank of Punjab Bank has not been positive. Short term financial position of the bank has also been adversely affected during the post-merger period .However, long term financial position has much improved during the period. Thus, Centurion Bank of Punjab has succeeded in improving long term repayment capability during post-merger period.

Short term financial position of ICICI Bank has improved during post-merger period Long term financial position of ICICI Bank has been adversely affected but at the same time it has succeeded in increasing the fixed assets turnover. This has ultimately increased the net profit. However, despite increase in net profit, operating profit has reduced due to decrease in sale value of the concern. .It may therefore, be concluded that impact of merger and acquisition has been positive in case of concerns, viz, ICICI Bank, Centurion Bank of Punjab, HDFC Bank and Tata steel during post-merger period but Hindalco Steel has been looser during the period, which is justified from the Table No-2, given below:

Table No: 2

Showing financial performance of the concern

Ratio	Tata Steel company	Hindalco company	HDFC Bank	CBOP	ICICI Bank
Current Ratio	+0.40	-0.48	+.01	-0.13	+2.49
Debt Equity Ratio	+0.42	-0.28	-0.77	+5.25	-7.53
Net Profit Ratio	-2.96	-4.73	+4.25	-0.11	0.47
Operating profit	-3.18	-8.97	+0.91	-3.20	-4.13
Fixed Assets Turnover	+0.05	+0.22	-0.57	+1.08	+2.31

As far the impact of merger and acquisition on investors is concerned, the analysis reveals that Earning Per Share has increased in HDFC Bank, Centurion Bank of Punjab and ICICI Bank but it has decreased in Tata steel and Hindalco Companies. This proves that investors of the banking sector have been benefited with the mergers and acquisitions of the banking units. However, the investors in the Steel sectors have been looser during the period of analysis.

So far the Price-Earning ratio of these units are concerned, it is evident from the study that it has remained higher during the post-merger period. It indicates that the market price of shares of these companies have increased at a higher rate in comparison to rate of increase in Earning per Share. It is found from the study that market price of share has increased at 30% to 40% on average where EPS has increased 15% to 20%. It is quite obvious from the study that the investors of ICICI and Hindalco have been much beneficial in form of getting higher market price of their shareholding and obtaining more capital gain. The investors of ICICI and HDFC Bank and Centurion Bank of Punjab have succeeded in maximization their return during the post-merger period. However, comparatively, the rate of Earning per Share has been very high for the investors of Centurion Bank of Punjab.

It is evident from the study that impact of mergers and acquisitions during post-merger period has a significant effect on the book value of shares in ICICI Bank and Tata Steel. However, it is equally decisive for the investors of HDFC Bank. The investor of Hindalco and Centurion Bank of Punjab has not been benefited in terms of book value of share. Book value per share of Centurion Bank of Punjab has been the lowest one during the post-merger period but it was Highest in case of ICICI Bank. The analyses of mergers and acquisitions impact on investors from the point of view of Dividend per Share clearly indicate that the investors of HDFC Bank and ICICI Bank have been gainer during the period. DPS of Tata Steel and Hindalco, during the post-merger period have in on average rate of decrease of 40%. The rate of decrease in Tata steel was 39% where as in Hindalco 46 %. The rate of decrease in dividend has been very high in Hindalco. However, the rate of increase in dividend has been very high in ICICI Bank. The rate of dividend of ICICI Bank was 2.24 in 2001 but in the year 2010 it was 12.00. This is evident from the study that the investors of banking sector have been benefited more by receiving greater amount of dividend. However, the investors of Steel sectors have been looser.

It is also evident from the study that Market Price per Share (MPS) and Earning per Share have been positive during the post -merger period. But the rate of increase in Earning Per Share has been greater in comparison to rate of increase in Market Price Per Share specially in banking sector. The reason is that the Capitalisation Ratio has been lower in the banking sector the capitalisation ratio of ICICI Bank was 10.24 in the year 2001 but it was 4.14 in 2010. The same trend was found in Centurion bank of Punjab, HDFC Bank Tata Steel and Hindalco companies were it was 10.63 in 2005, 11.33 in 2008 34.17 in 2006 and 19.91 in 2006 but it was 7.98, 8.35, 6.56 and 9.54 respectively. So far Tata steel and Hindalco are concerned it is clear that Earning Per Share in these concerns has decreased but Market Price per share has increased during the post-merger period. The reason is that the Capitalization Ratio of these two concerns have been greater during the post-merger period.

The overall analysis of impact of mergers and acquisitions on investors clearly indicates that the investors of the banking sector have been much gainer in comparison to steel sector. Even in the banking sector ICICI Bank and Centurion Bank of Punjab investors have been much benefited in comparison to HDFC Bank. The investors of Tata steel have been more gainer in comparison to Hindalco. The impact on investors during the post-merger period is justified from Table No-3 given below:

Table No 3

Showing benefit to Investors

	Tata steel	**Hindalco Company**	**HDFC Bank**	**CBOP Bank**	**ICICI Bank**
Earnings PerShare	-6.34	-6.79	+19.55	+47	+27.38
Price Earnings Ratio	+9.05	+10.22	+1.65	+3.12	+14.38
Book Value pershare	+242.63	+48.19	+143.80	+3.09	+397.49
Dividend Pershare	- 5.00	-8.50	+3.50	------	+9.76
Earning YieldRatio	-25.82	-13.35	-1.79	-2.65	-6.10

CONCLUSIONS AND SUGGESTION:

Mergers and Acquisitions have been explained by highlighting the concept of amalgamation, absorption, consolidation and takeover. In some of the companies, they have been benefited but in some companies the investors have been looser. Thus, the hypothesis developed on the basis of preliminary investigation is proved by analysing the financial cost which has been higher in reducing the benefit to investors. The study identifies the significance of mergers and acquisitions in financial sector, Banking

sector and steel sector of the country. It is quite obvious from the study that mergers and acquisitions have been accepted as an appropriate strategy to minimize risk and uncertainties for maximizing the benefit but so far the investors are concerned they have not been benefited to the greater extent in the short run. This concludes that main objective of mergers and acquisitions in the Banking sector has been synergy and growth but in the steel sector economic scale of production and acute competition have been the main reason behind mergers and acquisitions.

The present study is aimed at conducting analysis of the mergers and acquisitions schemes of some leading corporate units in banking and steel sectors to identify the impact on investors of the mergers and acquisitions scheme during the post- merger period. In course of conducting the study a number of problems have been encountered such as time and money constraints, lack of available books and journal on merger and acquisition. The analysis of merger and acquisition schemes highlights impacts on performance of these select concerns under the study and their impact on the benefit/loss to the investors during the post- merger period. On the basis of observation derived from analytical study the following suggestion are offered to make the scheme more strategic.

The justification for the share exchange ratio, one of the most important terms of any merger scheme is generally not provided. Obviously the exchange ratio must necessarily take into consideration the projected future earnings of the merged/acquired companies and the benefits expected during the post-merger which will increase the future profits.

On acquisition of 15 % of voting capital (including conversion of debentures) SEBI and stock exchange should be informed. As soon as the offer of merger is made, the stock exchanges, where the shares of the companies are listed should be notified and the fact of the offer should be announced in the newspapers. To ensure proper disclosure, the announcement should be made in the form approved by the stock exchange. The Board of Directors of the companies involved in a merger negotiates behind the scenes maintaining great secrecy and reach to an agreement. The relative values of the companies are worked out and a share exchange ratio is agreed upon. The help of financial and legal experts is taken during this phase, who initiates the merger talks, has bearing on the values put on the companies, and therefore on the share exchange ratio. When a merger scheme is drawn up, inevitably, a few other persons (Clerical staff, bankers, consultants, etc.) have to be taken into confidence, and they should be careful about the activities of inside trading. The merger proposal is then given a legal status by approving it at formal board meetings and notifying the stock exchanges.

The scheme, once approved by the Board of Directors, is placed before shareholders at a General Meeting for their approval. It is not a legal necessity but the companies, in practice, get the scheme approved by their shareholders before they file an application for the sanction of the Court. At such a meeting, the transferee (amalgamated) company can pass such resolutions as are necessary to implement the scheme e.g. alteration of the articles of association, rescinding the right to get shares on priority basis under section 391 of the Companies Act and increase or decrease (where loss making company takes over profitable unit) in share capital.

Once the 'Prospecting phase' is over, the companies seek the help of merchant bankers to finalize the details of proposed scheme of merger in accordance with the guidelines formulated by SEBI. SEBI has statutory powers to enforce the guidelines.

The objectives clause of Articles of Association of amalgamated (transferor) company by it. If it does not, then suitable amendments/alternative must be made in the manner prescribed in the companies Act.

Effective integration planning is very important for mergers and acquisitions. It was observed in the course of conducting this research work that there was lack of integration planning between acquired or acquirer companies. Integration planning is one of the most important tasks of successful mergers and acquisitions. Thus, there is need of effective integration planning before the deal is completed. In case of integration plan not ready before hand a number of problems are created. Thus existence of integration plan must be there before merger and acquisition.

It was observed that most of the mergers and acquisitions have been promoted in the individual interest by justifying the national interest of the country but the fact is that it has served individual interest of the companies merged together before granting approval for mergers and acquisitions.

There should be independent authority for deciding the legal and accounting aspect of mergers and acquisitions at the national level in the case of mergers and acquisitions of the domestic companies and at the international level in the case of mergers and acquisitions of Multinational Corporations (MNCs).

There should be an autonomous body for settling dispute of the mergers and acquisitions at the national and international level.

There is a general trend of getting approval from the court for mergers and acquisition, the period taken forgetting approval varies between six to twelve months. Legal formality regarding mergers and acquisitions should be simplified and shortened.

The companies should take the investors particularly equity shareholders in confidence before implementing the scheme of merger &acquisition.

The book value, EPS, Net worth, and Dividend should be the basis of merger and acquisition by keeping in view the future growth, and expansion to be the basis of merger and acquisition. This study deals with the impact of merger and acquisition schemes on the profitability, financial position and efficiency of the corporate units after merger and acquisition. An attempt has been made to measure the impact of merger and acquisition on the profitability, financial position and efficiency in the post-merger and acquisition period of Tata steel company, Hindalco Company, ICICI Bank, Centurion Bank of Punjab and HDFC Bank.

Suggestions thus offered above, if taken seriously, may be the most successful & effective tool for corporate growth and protecting the interest of the investors. This will certainly fulfill the dream of our country.

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